

**Questions and Answers  
For PON-10-604  
Buy Down Incentives for Natural Gas and Propane Vehicles**

**Eligible Applicants**

1. QUESTION: What is the definition of an original equipment manufacturer (OEM)?

ANSWER: For purposes of this Program Opportunity Notice (PON-10-604), the OEM is defined as the entity that manufactures the entire vehicle and provides a full warranty for the complete vehicle. The definition of an OEM does not include entities that manufacture engine and other components that are sold to an OEM or that upfit vehicles for sale by an OEM.

The OEM may designate a dealer or distributor to apply for incentive funding on behalf of the OEM. In this event, the applicant must a complete Buy-Down Incentive Reservation Form (ARF-1), Payee Data Record Form and a letter from the OEM formally designating the dealer or distributor to apply for a specified amount of the incentive funding.

2. QUESTION: Can an OEM designate a dealer outside of California?

ANSWER: No. For purposes of this PON, an OEM must designate a dealer or distributor located in California.

3. QUESTION: What is considered an acceptable team/partnership for this program?

ANSWER: For purposes of this PON, only OEMs or OEM-designated dealers or distributors may apply for buy-down incentives. Other types of teams or partnerships are not eligible to participate in this program.

4. QUESTION: Where can interested parties find information regarding incentives for CNG vehicles purchased by individuals, rather than fleet owners?

ANSWER: This PON is not limited to fleet operators. Individuals may purchase eligible natural gas and propane vehicles from participating OEMs/Dealer(s)/Distributor(s) and receive the full value of the buy-down incentive in the purchase transaction. Note that individuals and fleet operators are not eligible to directly apply for incentives under this PON.

**Eligible Vehicles**

5. QUESTION: For light- and medium-duty applications, ARB approves vehicles for sale in California. For heavy-duty vehicle applications, ARB certifies engines, but does not certify vehicles. Yet, the PON-10-604 refers exclusively to certified vehicles listed on ARB's website. Please confirm that the eligibility requirements include heavy-duty vehicles powered by ARB-certified natural gas or propane engines.

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ANSWER: Eligibility under this PON includes heavy-duty vehicles powered by ARB-certified natural gas engines if used in vehicle applications where ARB certifies the engine rather than the vehicle.

6. QUESTION: Are CNG street sweepers (30,000 ~ 32,000 lbs GVWR) eligible for the \$32,000 incentive?

ANSWER: Yes.

7. QUESTION: Are CNG and propane after-market conversion systems eligible for this program?

ANSWER: No. Incentives are available through this PON only for new on-road natural gas and propane vehicles that meet all emission requirements of the Air Resources Board (ARB) and that are fully warranted by the original equipment manufacturer.

8. QUESTION: Are off-road vehicles and equipment eligible for this program?

ANSWER: No. Incentives are available through this PON only for new on-road natural gas and propane vehicles that meet all emission requirements of the Air Resources Board (ARB) and that are fully warranted by the original equipment manufacturer.

**Funding Information and Payment of Incentives**

9. QUESTION: Are you going to publish a list of eligible OEMs?

ANSWER: We do not plan to publish a list of eligible OEMs. OEMs that manufacture eligible vehicles can be found on the Air Resources Board's website at <http://www.arb.ca.gov/msprog/onroad/cert/cert.php>. We will publish the names of OEMs and OEM-designated dealers and distributors with reservations that have been approved by the Energy Commission.

10. QUESTION: Is this funding currently available?

ANSWER: Yes, funding through this PON is currently available.

11. QUESTION: When can the buy-down incentives be applied?

ANSWER: The buy-down incentives can only be used for vehicles purchased after the incentive reservation has been approved by the Energy Commission at a business meeting and before the reservation expires. The incentives cannot be applied to sales prior to the business meeting approval date or to vehicles that have already been purchased. Once approved, the applicant has 120 days to use the incentives, at the end of which the reservation expires.

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12. QUESTION: How should buy-down incentives be reflected in the sales documents?

ANSWER: The buy-down incentive must be clearly identified on the sales transaction document so that the Energy Commission can ensure: 1) the incentive was entirely passed on to the purchaser; 2) the incentive amount is the same as the amount requested; 3) the incentive does not exceed the differential price of the vehicle; and 4) other requirements of the PON and Terms and Conditions are met. The applicant should ensure that all applicable taxes are paid. In addition, per the Terms and Conditions, applicants are subject to auditing by the state.

13. QUESTION: Are the buy-down incentives paid to vehicle purchasers?

ANSWER: No. The buy-down incentive value will be reflected in the purchase price of the vehicle at the time of the purchase transaction; it is not paid directly to the purchaser.

14. QUESTION: What documentation is required pertaining to the Manufacturer's Suggested Retail Price (MSRP) cost differential on the sale/purchase?

ANSWER: No documentation is required regarding the differential between the MSRP of a natural gas or propane vehicle and the diesel or gasoline fueled counterpart to receive a rebate. However, applicants are subject to audit and will need to provide documentation upon the request of the Energy Commission.

**Application Process**

15. QUESTION: Are there minimum requirements for the letter the OEMs need to sign to designate a dealer or distributor?

ANSWER: The letter must clearly state that the specific dealer or distributor has been approved by the OEM to apply for incentive funds. In addition, the OEM must delineate the amount of incentives and funding being designated to the dealer(s)/distributor(s) in each letter. (See answer to question #6) If it does not, the reservation process will be held up until the designation has been made clear.

16. QUESTION: What is the maximum incentive that can be requested by an OEM?

ANSWER: The maximum incentive amount that can be requested by an individual OEM at any one time is as follows:

- Up to \$575,000 per reservation for natural gas and propane vehicles up to 26,000 lbs GVW

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- Up to \$1,300,000 per reservation for natural gas vehicles greater than 26,000 lbs GVW
- Up to \$500,000 per reservation for propane school buses.

If an OEM has an active incentive reservation and has made claims for the entire reservation amount prior to the 120-day term date, the OEM may reserve additional incentive funding up to the maximum shown above, as long as funds are available in that fuel and weight category and there are no other entities in the queue waiting to reserve incentive funding. If an OEM-designated dealer or distributor has an active incentive reservation and has made claims for the entire reservation amount prior to the 120-day term date, the OEM-designated dealer or distributor must be re-designated by the OEM to reserve additional incentive funding, as long as funds are available in that fuel and weight category and there are no other entities in the queue waiting to reserve incentive funding.

If an OEM or OEM-designated dealer or distributor fails to make claims for all reserved incentives prior to the 120-day term date, the OEM or OEM-designated dealer or distributor may request additional time to expend the reservation amount. The Energy Commission will consider such a request on a case-by-case basis and reserves the right to redirect the unused incentive reservations to another applicant.

For OEMs that designate a vehicle dealer or distributor to apply as their agent for reservations, the sum of the reservation amounts requested by the each OEM-designated dealer or distributor cannot exceed the maximum incentive amount that can be requested by a single OEM shown above. In other words, an OEM will need to carefully coordinate designations among their respective dealers and distributors.

17. QUESTION: What documents are required to reserve incentive funding?

ANSWER: To apply for an incentive, applicants must submit a complete Buy-Down Incentive Reservation Form shown in Attachment A of the PON. One (1) original and one (1) copy of the completed and signed form must be mailed or hand delivered to:

Debbie Jones  
California Energy Commission  
Fuels and Transportation Division  
Attn: Buy-Down Incentives PON-10-604  
1516 Ninth Street, MS-44  
Sacramento, CA 95814

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Applicants also must complete a Payee Data Record Form shown in Attachment B of the PON and submit it along with the Buy-Down Incentive Reservation Form to the above address. To complete the Payee Data Record Form, go to [http://www.energy.ca.gov/contracts/PON-10-604/PON-10-604-Attachment-B-Payee\\_Data\\_Form.pdf](http://www.energy.ca.gov/contracts/PON-10-604/PON-10-604-Attachment-B-Payee_Data_Form.pdf)

18. QUESTION: In completing the Payee Data Record Form, how should out-of-state entities identify themselves?

ANSWER: The Payee Data Record Form is submitted by the entity that is reserving the buy-down incentives. Item 4 on the Payee Data Record Form requires the applicant to identify their residency status. If the applicant is an OEM that is located out of state, then the applicant is a non-resident. If the applicant is an OEM-designated dealer or distributor, then the applicant is a resident.

**Combining Incentives**

19. QUESTION: Can funding be combined with other incentives or rebates?

ANSWER: Yes. The incentives available through this PON may be used in conjunction with natural gas and propane vehicle purchase incentives available from other entities. In this event, the combined incentives cannot exceed the differential price of the eligible vehicle compared to its gasoline or diesel counterpart with similar trim levels, based on the MSRP.

The incentives available through this PON also may be used in conjunction with purchase incentives available from other entities for new clean diesel vehicles in excess of 14,000 pounds GVW. In this event, the purchaser may use a vehicle purchase incentive from another entity to apply to part or all of the base price of a new clean diesel vehicle and use a vehicle buy-down incentive through this PON for the natural gas or propane vehicle differential cost. Purchasers that combine incentives must demonstrate compliance with any requirements of other incentives that are used to purchase an eligible vehicle.